

Trafigura - responding to your letter

External

Inbox



Claire Divver
<Claire.Divver@trafigura.
com>

Mon, Dec 5, 9:54
PM (16 hours
ago)

to me

Dear Ms Nichol

Thank you for your email. Trafigura unconditionally condemns the war, the violence in Ukraine and the humanitarian crisis this is causing and I am happy to clarify the points raised in your letter dated 23rd November.

To respond to the concerns raised by B4Ukraine, please note the following:

- As soon as the war broke out in Ukraine, we condemned Russia's invasion and immediately froze our investment and activities in Russia. We terminated long-term contracts to purchase Russian crude oil and petroleum products from state-owned entities in advance of EU sanctions coming into force on 15 May 2022.
- We subsequently completed the exit of our passive, minority, non-operational 10% investment in Vostok Oil on 13 July 2022. The purchaser, Nord Axis, was an independent, Hong-Kong registered trading company with no connection to Trafigura and not Russian-owned. Trafigura's Compliance department undertook a thorough review of the buyer including its ownership and management structure in line with our

usual stringent compliance procedures. As a result of this exit, Trafigura has no investments in Russia.

- We have confirmed with relevant Western governments that the supply of Russian-origin petroleum products to third countries, including in central and Latin America, has been explicitly exempted from any sanctions or prohibitions, to avoid unintended impacts to the security or affordability of energy supply to these markets. We continue to keep the situation and evolving sanctions requirements under very close and constant review to ensure that we continue to comply with applicable sanctions. We are working with customers to secure alternative sources of supply, to comply with customer requirements and sanctions.
- We reject any suggestion that our actions are inconsistent with the UN Guiding Principles or Trafigura's human rights policy and commitments.

I hope this clarifies your questions and concerns.

Yours sincerely,

On behalf of Trafigura

Claire Divver

Head of Corporate Affairs & Sustainability

Jeremy Weir
Chief Executive Officer
Trafigura Group Pte. Ltd
10 Collyer Quay
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23/11/2022

Trafigura's operations in Russia

Dear Jeremy Weir and Trafigura Leadership Team,

We write to you as [B4Ukraine](#), a coalition of Ukrainian and international civil society organizations working to curtail the financial resources enabling the Russian invasion of Ukraine. In the spirit of respect for the fundamental rights of all people, the rules-based international order, and a prosperous global economy, the Coalition expects companies to demonstrate public support for the people, democracy, and territorial integrity of Ukraine; opposition to Russia's war of aggression; and alignment with the UN Guiding Principles on Business and Human Rights (UNGPs).

We request an urgent dialogue regarding potential inconsistencies between Trafigura Group Pte. Ltd's (Trafigura) obligations under international humanitarian and human rights law, as articulated by the UNGPs, and the company's ongoing business operations and relationships in Russia that may contribute to, or be linked with, human rights harms.

Trafigura's 2021 [Human Rights Report](#) emphasises the company's respect for human rights and the international framework governing business and human rights, stating:

"We support the UNGPs and we are committed to respecting internationally recognised human rights.' Furthermore, the Report affirms Trafigura's 'endeavour to avoid, mitigate or minimise causing or contributing to adverse human rights impacts through our activities and to address such impacts when they occur. We also seek to prevent or mitigate adverse human rights impacts that are directly linked to our activities through our products, services or operations."

The company's commitment to human rights is further formalised in its 2016 [Corporate Responsibility Policy](#), 2021 [Modern Slavery Statement](#) and 2021 [Sustainability Report](#), where Trafigura declares an additional pledge of adhering to the Voluntary Principles on Security and Human Rights and the United Nations Global Compact.

It has been eight months since Russia invaded Ukraine and the devastating impacts continue to shock the world. Russia is committing war crimes and crimes against humanity through attacks on civilians and civilian infrastructure, including mass executions, the bombing of schools, hospitals, and apartment buildings, sexual violence, torture, and forcible transfer of civilians. More than 15,000

Ukrainians have been killed and injured and millions more have been forced to flee their homes, creating one of the largest humanitarian and refugee crises of modern times.

In response to this unprovoked and unjustified war,¹ more than 130 companies have fully left Russia with hundreds more taking steps to do so. Yet, according to the respected Kyiv School of Economics Institute's #LeaveRussia [company tracker](#), while Trafigura scaled back some business operations in Russia, others continue.

As stated in your 2022 [Interim Report](#) '*Trafigura unconditionally condemns the war in Ukraine*'. Additionally, Trafigura's [Statement](#) regarding the war in Ukraine declares '*unconditional condemn[ation of] the war, the violence in Ukraine and the humanitarian crisis this is causing*.' While we commend the decision to stop purchasing crude oil from Rosneft as of 15 May, cease trading crude with sanctioned Russian organisations, and the move to exit the investments in Vostok Oil, further questions have been raised by the 12 July sale of these shares to the opaque [Nord Axis](#). The Hong Kong based company was incorporated in February 2022 and [little information is known](#) regarding its true ownership, how it was able to acquire Trafigura's interest, or if the sale could lead to further enabling and financing of Russia's illegal war and its violations of international humanitarian and human rights law.

Moreover, Trafigura reportedly continued to sell [Russian diesel](#), specifically 1,68 million barrels to Ecuadorian Petroecuador in six shipments between July and September 2022. As per your 2022 [Code of Business Conduct](#), '*Trafigura complies with all applicable sanction laws and regulation*.' However, the reporting of the aforementioned sale raises concerns about the circulation of Russian fuel despite EU initiated boycotts. As you are aware, the EU introduced a ban on the direct or indirect purchase, import, or transfer of crude oil or petroleum products originating in Russia or exported from Russia into the EU and to third countries. If the reports are correct, these activities risk enabling and financing Russia's violations of IHL and human rights law during the ongoing invasion and occupation of Ukraine.

We seek to understand how Trafigura has conducted and continues to conduct heightened human rights due diligence, per its stated policy and the UNGPs concerning due diligence in conflict-affected areas, and how the findings of such a process has resulted in these continued business activities and relationships. As noted by the UNGPs:

...the more severe the abuse, the more quickly the enterprise will need to see change before it takes a decision on whether it should end the relationship. In any case, for as long as the abuse continues and the enterprise remains in the relationship, it should be able to demonstrate its own ongoing efforts to mitigate the impact and be prepared to accept any consequences – reputational, financial or legal – of the continuing connection.

With the above points in mind and in consideration of B4Ukraine's [Declaration](#), we request an urgent dialogue with Trafigura's relevant senior management and staff to discuss the company's ongoing activities and relationships in Russia, associated risks to the people of Ukraine and the company, and potential steps to prevent/mitigate these risks. Please contact Eleanor Nichol at enichol@b4ukraine.org to schedule a call at your earliest convenience before the 7th November 2022.

¹ The UN General Assembly condemned Russia's "aggression against Ukraine" and demanded that Moscow "unconditionally withdraw all of its military forces from the territory of Ukraine within its internationally recognized borders."

Sincerely,

Eleanor Nichol
Executive Director
The B4Ukraine Coalition

CC: Mike Wainwright, Jose Maria Larocca, Andrew Vickerman, Pierre Lorinet, Sipko Schat, and Mark Irwin